Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Message Text

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PAGE 01 STATE 218119

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TO AMEMBASSY TEHRAN

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SUBJECT: AGRIBUSINESS - JOINT COMMISSION

REF: TEHRAN 8854

1. IN RESPONSE REFTEL HERE IS TEXT OF LETTER DATED APRIL 25, 1975 FROM DAVID GREGG III, EXECUTIVE VICE PRESIDENT OF THE OVERSEAS PRIVATE INVESTMENT CORPORATION, TO HIS EXCELLENCY, HADI GHAVAMIAN, DEPUTY MINISTER OF AGRICULTURE AND NATURAL RESOURCES, IMPERIAL GOVERNMENT OF IRAN, TEHRAN, IRAN.

"DEAR MR. MINISTER: FOLLOWING UP ON THE DISCUSSION YES-TERDAY BETWEEN YOU AND GRAHAM WILLIAMS OF OPIC, I ENCLOSE A BRIEF MEMORANDUM OUTLINING THE PROPOSAL HE MADE IN OUR BEHALF. WE WOULD BE PLEAS"D TO RECEIVE ANY RESPONSE YOUR GOVERNMENT CARES TO MAKE AND TO MEET WITH APPROPRIATE OFFICIALS TO EXPLOBE THE MATTER FURTHER. SINCERELY YOURS."

2. FOKLOWING IS TEXT OF REFERENCED ENCLOSURE, TITLED
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PAGE 02 STATE 218119

FACILITATING U.S. PRIVATE INVESTMENT IN AGRICULTURAL AND

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

FOOD VENTURES IN IRAN: COLLABORATION WITH THE OVERSEAS PRIVATE INVESTMENT CORPORATION.

"BECAUSE THERE ARE MANY U.S. PRIVATE SECTOR COMPANIES WHOSE TECHNOLOGIES AND BUSINESS EXPERIENCE CAN ASSIST THE ECONOMIC PROGRESS OF DEVELOPING COUNTRIES, THE U.S. CONGRESS IN 1969 FORMED THE OVERSEAS PRIVATE INVESTMENT CORPORATION AND PROVIDED IT WITH THE RESOURCES TO FACILITATE U.S. JOINT VENTURES IN THOSE COUNTRIES. THESE RESOURCES ARE SUBSTANTIAL AND INCLUDE (A) INSURANCE AGAINST LOSS DUE TO NON-BUSINESS RISKS, SUCH AS INCONVERTIBILITY, NATIONALIZATION WITHOUT COMPENSATION, AND WAR, AND (B) PARTICIPATION IN THE FINANCING, AT COMMERCIAL RATES OF INTEREST, OF JOINT VENTURES THROUGH LONG TERM LOANS AND LOAN SYNDICATIONS.

"AS THE RESULT OF AN AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES AND THE GOVERNMENT OF IRAN EFFECTED BY AN EXCHANGE OF NOTES OF SEPTEMBER 17 AND 21, 1957, AS SUPPLEMENTED ON MARCH 21, 1970, THE OPIC FACILITIES HAVE SUPPORTED A NUMBER OF PROJECTS IN IRAN WHICH INVOLVE AMERICAN PRIVATE SECTOR PARTICIPATIONS. IN ADDITION OPIC HAS TAKEN AN ACTIVE ROLE, WORKING TO IDENTIFY AND DEVELOP SEVERAL PROJECTS IN IRAN AND TO ASSIST IRAN TO MOBILIZE U.S. FIRMS TO INVEST THERE.

"OPIC, LIKE THE WORLD BANK AND THE AGENCY FOR INTERNATIONAL DEVELOPMENT, IS A DEVELOPMENT ORGANIZATION AND AS A RESULT FOCUSES MOST OF ITS ATTENTION ON FACILITATING JOINT VENTURES IN THOSE COUNTRIES WHICH HAVE LIMITED FINANCIAL RESOURCES OF THEIR OWN. HOWEVER, IN RESPONSE TO THE MOUNTING NEED TO MAKE MORE FOOD AVAILABLE WORLDWIDE OPIC EMPHASIZES THE DEVELOPMENT AND IMPLEMENTATION OF AGRI-BUSINESS PROJECTS WHEREVER POSSIBLE.

"WITHIN THIS CONTEXT AND IN PARTICULAR RESPONSE TO IRAN'S

OBJECTIVE OF BECOMING A MAJOR FOOD PRODUCING NATION AND TO THE GOVERNMENT OF IRAN'S REQUEST FOR U.S. PARTICIPATION IN THE FURTHER DEVELOPMENT OF IRAN'S FOOD PRODUCTION AND
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PROCESSING INDUSTRIES, OPIC WOULD LIKE TO CONSIDER WITH THE APPROPRIATE IRANIAN ORGANIZATIONS A JOINT PROGRAM ALONG THE FOLLOWING LINES:

1. INVESTMENT PROMOTION. STARTING, PERHAPS, WITH THE OPPORTUNITIES TO DEVELOP LARGE PARCELS FOR MODERN FOOD PRODUCTION, AND IN CONJUNCTION WITH IRANIAN AUTHORITIES AND PRIVATE FIRMS, OPIC (A) WOULD REVIEW FEASIBILITY WORK

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

ALREADY COMPLETED AND ADVISE ON WHETHER THE POTENTIAL PROJECTS WOULD BE OF INTEREST TO COMPETENT U.S. FIRMS FOR JOINT VENTURE INVESTMENT AND IMPLEMENTATION, AND (B) WOULD WORK TO IDENTIFY APPROPRIATE FIRMS WITHIN THE U.S. AGRI-BUSINESS COMMUNITY AND TO BRING THE OPPORTUNITIES TO THEIR ATTENTION.

2. INVESTMENT COMMITMENTS. TO THE EXTENT THAT U.S. RESOURCES SUPPORTED BY OPIC PROGRAMS ARE COMMITTED TO IMPLEMENT JOINT VENTURES IN IRANIAN AGRIBUSINESS, IRAN WOULD COMMIT AN EQUIVALENT AMOUNT, TO BE MATCHED BY OPIC, TO INVESTMENT IN PRIVATE SECTOR OR MIXED PUBLIC-PRIVATE SECTOR PROJECTS IN LESS DEVELOPED COUNTRIES IN CONJUNCTION WITH PRIVATE U.S. INVESTORS.

"WHILE THIS JOINT PROGRAM WOULD REPRESENT COMMITMENTS IN PRINCIPLE AND EXPRESSIONS OF MUTUAL INTENTIONS, THE ACTUAL INVESTMENT BY EITHER IRAN OR OPIC IN ANY PROJECT IN A LESS DEVELOPED COUNTRY WOULD BE SUBJECT NOT ONLY TO COMPLIANCE WITH BROAD INVESTMENT GUIDELINES ESTABLISHED BY MUTUAL CONSENT BUT TO SPECIFIC AGREEMENT IN EACH CASE. EACH WOULD CONTINUE TO MAKE ITS OWN INVESTMENT DECISIONS.

"OPIC WELCOMES THE OPPORTUNITY TO CONSIDER THIS APPROACH FURTHER WITH IRANIAN OFFICIALS AND IF THE CONCEPT IS ACCEPTABLE IN PRINCIPLE TO BEGIN TO WORK OUT THE CRITERIA UNDER WHICH THE COLLABORATION WILL OPERATE AND THE NECESSARY ADMINISTRATIVE DETAILS, INCLUDING HOW COSTS AND INCOME WILL BE ALLOCATED." END ENCLOSURE.

3. OPIC REQUESTS EMBASSY TRANSMIT ABOVE TO MINISTER GHAVAMIAN WITH APPROPRIATE APOLOGIES FOR BREAKDOWN IN COMMUNICATIONS.
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4. OPIC WOULD APPRECIATE EMBASSY COMMENTS ON PROPOSAL AND ITS LIKELIHOOD FOR ULTIMATE ACCEPTANCE BY GOI. KISSINGER

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